

JLBC MEETING

At its May 11th meeting, the Joint Legislative Budget Committee considered the following issues:

Attorney General – Review of the Allocation of Settlement Monies and the Use of Antitrust Enforcement Revolving Fund Monies – The Committee gave a favorable review to an allocation plan of settlement monies received by the state from 2 court cases. The first case involved violations of antitrust laws by Semptra Energy Company. The AG alleged that Semptra manipulated the supply of natural gas resulting in increased cost to Arizona consumers. Under the settlement, the company agreed to pay \$150,000. Of that total, \$90,500 will be deposited in the General Fund, \$49,400 will be utilized for legal counsel and \$10,100 will be deposited into the Antitrust Enforcement Revolving Fund.

The second case involved violations of the Arizona Consumer Fraud Act and Telephone Solicitation statutes by the Institute for Financial Advantage (IFA), who the AG alleges failed to deliver on promises of low-rate credit cards for consumers. As part of the settlement, IFA paid \$142,000 -- \$42,700 for restitution to 120 consumers and \$99,300 in fines to be deposited into the Consumer Revolving Fund.

In addition to the review of settlement cases, the Committee also gave a favorable review of an expenditure plan from the AG's Antitrust Fund. Statute requires that expenditures from the fund in excess of \$183,600 cannot be spent without a review by the Joint Legislative Budget Committee. The AG intends to spend \$126,400 above this cap -- \$55,400 for personnel costs, \$46,000 for operating costs and \$25,000 for Arizona's share of multi-state antitrust cases.

Department of Public Safety – Quarterly Review of the Arizona Public Safety Communication Advisory Commission – DPS submitted to the Committee for review FY 2005 third quarter expenditures by the Public Safety Communication Advisory Commission (PSCC) as well as a report on the state's progress towards a statewide interoperability project. Laws 2004, Chapter 275 appropriated \$5 million to DPS for the design costs of a statewide radio interoperability communications system and the use of Homeland Security monies. Of the \$5

million appropriation, \$2 million reverts to the General Fund if unexpended by June 30, 2005.

Third quarter expenses totaled approximately \$358,500. The Commission also entered into a \$150,000 agreement with an information technology firm to develop a document identifying the mission and objectives of a statewide interoperability communication system.

The project has fallen behind schedule according to DPS' original timeline submitted to the Committee in June 2004. As a result, the Committee requested that the next DPS quarterly report include an updated design timeline with specific goals and objectives for completion during FY 2006.

Department of Health Services (DHS) – Review of Expenditure Plan from the Vital Records Electronic Systems Fund – The Committee gave a favorable review to DHS' \$1.4 million expenditure plan from the Vital Records Electronic Systems Fund. The fund was established in 2002 to improve the state's vital records system. The monies from the fund will be used to digitize 5.2 million birth and death certificates currently in the state's vault of vital records. The digitization of birth and death certificates represents the final phase of the agency's Digital Record System (DRS) Project. In March 2004, the Committee favorably reviewed Phase I of the plan, which involved automating the state's vital records system.